

Title Guaranty Top 10 Reasons for Buying an Owner's Certificate

top 10

Title Guaranty issues thousands of lender's certificates every year guaranteeing title to property for the benefit of our lender partners. But did you know that Title Guaranty also offers owner's certificates, guaranteeing title to property for the benefit of the homeowner? Because the purchase of a home likely represents our most important investment, it makes good sense to protect that investment against title defects. The top 10 reasons for investing in an owner's certificate are:

10. Protection

Just as a home is protected by an insurance policy covering damage from fire, wind, hail, water and other disasters, it should also be protected against title defects. What if there is an old unpaid judgment, a prior unreleased mortgage, an unredeemed tax sale or a forged deed? What if an unknown heir of a prior titleholder shows up and claims title to the property? Without the protection of a Title Guaranty owner's certificate, the financial loss from a title defect can be just as devastating as from a fire or a tornado.

9. Low cost

The cost of a Title Guaranty owner's certificate is based on the purchase price or value of the property. In addition, purchasing both the lender's and owner's certificates at the same time is an excellent value because the total cost is substantially reduced. Contact Title Guaranty for price quotes.

8. More protection than an abstract

A Title Guaranty owner's certificate supplements the protection against title defects provided by the abstractor.

7. More protection than an attorney's title opinion

A Title Guaranty owner's certificate supplements the protection against title defects provided by the examining attorney.

6. A lender's certificate is not enough

A lender's certificate protects the mortgage lender from loss due to a defect in the title to an owner's property. However, a lender's interest in a property is different from that of an owner. A Title Guaranty certificate issued to a lender does not provide direct protection to an owner.

5. Easy to order

A Title Guaranty owner's certificate can be ordered at the same time as a lender's certificate—and on the same application. No additional documentation is required for a basic Title Guaranty owner's certificate.

4. Optional endorsement available for extended coverage

At an additional cost of only \$15, and subject to additional requirements, the Title Guaranty owner's certificate may be supplemented by endorsement to provide extended coverage. Contact Title Guaranty to discuss the additional requirements for this special coverage.

3. Enhanced professional services by offering a Title Guaranty owner's certificate

Real estate professionals, abstractors, attorneys, lenders or brokers can emphasize their strong commitment to serve their customers' needs by explaining the benefits and recommending a Title Guaranty owner's certificate.

2. One-time purchase

Owner's coverage continues as long as the guaranteed owner holds an interest in the property or owns an indebtedness secured by the property, or as long as the guaranteed owner has liability for covenants of warranty under a deed of the premises. A titleholder still might be sued for title issues years after they sell the home, give a warranty deed and move away. But an investment in a Title Guaranty owner's certificate means that Title Guaranty will act as the attorney for the guaranteed to defend title if it is challenged in court.

1. Peace of mind

The freedom from worrying about whether there are any threats to home ownership is well worth the nominal cost of Title Guaranty owner's coverage.

As partners in the home buying process, Title Guaranty wants its customers realize the American dream of owning their own home. Just as important as getting into that first home is being able to stay in it. Every home purchase should include a Title Guaranty owner's certificate.



ON THE MOVE

Distributed by:
The Iowa Finance Authority
Title Guaranty Division

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Des Moines, IA 50309

515.242.4989 | www.ifahome.com

My "Ask Title Guaranty" question is:

My E-mail address is:

Please make any changes or corrections
to your mailing address here:

Thanks! We appreciate your help and
your interest in Title Guaranty.

Ask Title Guaranty

We received this question from a Cedar Rapids law firm:

Our law firm is experiencing storage space issues, and our office manager has asked me to find out from Title Guaranty how long and what information related to each transaction must be kept. We currently have retained all of our real estate files—to the best of our knowledge none have been destroyed. The files contain copies of our first and final opinions, attorney notes, copies of relevant abstract entries, copies of title certificate, schedules and endorsements, as well as information provided to us to satisfy title objections. We are considering storing information by scanning the documents, thereby freeing up physical space. My questions are: 1) what does Title Guaranty require us to keep, and 2) how long are we required to keep that information?

The answer to the first question is, everything should be saved. In fact, Title Guaranty encourages scanning all documents.

Second, pursuant to 265 IAC 9.6(2)"g", attorneys must maintain title files and the title portion of client files for 10 years after the effective date of the certificate(s).

Please keep the questions coming. Send your questions to:

ATTN: Susan Riedinger
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Des Moines, IA 50309

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E-mail: susan.riedinger@iowa.gov

Q&A

Title Guaranty ON THE MOVE

*In the last issue of **On the Move**, I mentioned that we are working on new products, policies and procedures to create a better title product for Iowa's lenders and home buyers. We are very excited to roll out the changes in the coming weeks. What will you see? New pricing—drastically reducing our already low premiums; a new, nonpurchase product designed to streamline the refinance, second mortgage and home equity title process; and the Rapid Certificate program that will expedite issuing title certificates.*

Our goal is to offer the best possible title product at a competitive price in a short, practicable period of time. We are confident that these enhancements will not only help achieve our goals but will allow you to offer better service to your clients and customers.

What else are we planning? We are going to start compensating those of you who issue our product. This will be done separately from the premium (no fee splitting) and will have no impact on our pricing. We recognize the valuable service that is performed by those who issue our certificates, and we want to see more of our product issued in the field.

Title Guaranty will set the standard for price and quality in this state and across the country. Soon, we will introduce "Standards in Excellence," a voluntary program that will provide recognition and marketing opportunities to those participants who agree to abide by minimum performance standards. Right now, we are working with the Iowa Land Title Association and Iowa State Bar Association to determine those standards.

Title Guaranty will continue to ask for and respond to feedback and suggestions from you—our partners. We are listening to and incorporating your ideas as we work to create an ever-improving system. Please keep your comments coming. With your help, we will continue to get better!

Loyd W. Ogle, Director

Title Guaranty

Hosts First Annual Conference



Title Guaranty employees Melissa Miller, right, and Rose Creason, center, assist registrants at the conference.



Participants of Title Guaranty's first annual conference enjoy lunch in the Grand Ballroom at the Hotel Fort Des Moines.



During a breakout session, Stephen Morrison discusses national legislation with conference participants.



Steve Erickson of ABC Virtual Communication instructs attendees on how to use the Iowa Combined Land Record Information System (CLRIS) to find real estate records online.

Successful is the best word to describe Title Guaranty's first annual conference.

From sessions on technology to a message by a former convict, the conference covered it all.

Held in Des Moines at the Hotel Fort Des Moines on September 28, 2005, the conference attracted approximately 170 attendees, spanning the real estate spectrum, from lenders to attorneys, mortgage closers and brokers to abstractors.

Lt. Governor Sally Pederson opened the session by telling participants about the importance of home ownership and clean title and how Title Guaranty helps ensure both. Owning the place we live, she said, was "part of the common heritage of our state."

Attorney James Carney then addressed participants, discussing the history and role of Title Guaranty. Title Guaranty Director Loyd Ogle also spoke about upcoming changes from Title Guaranty. In addition, luncheon speaker Kevin Barnes, an expert on mortgage fraud, both entertained and informed participants about what mortgage fraud is and how to avoid it.

Conference attendees also attended many interesting breakout sessions. Session subjects included national legislation, marketing with Title Guaranty, the Iowa Combined Land Record Information System (CLRIS), real estate one-stop shopping, the Iowa Finance Authority's FirstHome and FirstHomePlus programs, Title Guaranty's new programs, fraudulent appraisals, new bankruptcy laws, and doing business with Title Guaranty.

Plans are already under way for Title Guaranty's second annual conference. Look for additional details soon!

More conference coverage inside...

“For most Iowans, the key to creating personal wealth begins with the purchase of their first home. It is the largest investment that most people will ever make.” This is how Lt. Governor Sally Pederson began her remarks to the audience at Title Guaranty’s first annual conference. Following are excerpts from her speech.

“But the value of home ownership goes beyond personal economics. Home ownership helps promote stable neighborhoods, where people feel rooted and vested in their communities. Stable and strong communities are what make Iowa—and America—able to pass on to the next generation our essential values—values that include the importance of being a good neighbor.

This is as true today as it was 100 years ago. The importance of “owning a home of your own” is something Iowans have long understood. Even in our early history as a developing state we understood the connection between home ownership and strong communities with a high quality of life.

I came across this book a few years ago. It is a reproduction of a book first published in 1870 called “Iowa: The Home for Immigrants.” In 1869 the Iowa Legislature appropriated funds to publish 65,000 copies of this book in five languages to be used to encourage immigrants to settle in Iowa.

It was considered a marketing tool and handbook for immigrants. It touted our rich land and favorable climate, abundant rivers and streams, our railroad system, our schools and institutions of higher learning, and our progressive civil rights (our General Assembly had just taken the first step in amending the constitution to give women the right to vote).

Of course, promoting land ownership was a primary marketing tool. There were two major ways to acquire land. One was to purchase land owned by the railroads, the other through homesteading.

Here’s an excerpt from a chapter: “In buying real estate the question of title is always one of vast importance to the purchaser. All lands sold by the railroad companies have been either conveyed directly to them by the Land Department at Washington, or to the State, and then by the State patented to the companies. The chain of title being so direct, there are no chances for any complications in this respect.”

In Iowa, to obtain a homestead, one had to make an affidavit before the Register or Receiver that his application was made for his exclusive use and benefit and for actual settlement and cultivation.

The book goes on to say: “In Iowa there is still room for many thousands more who may see proper to come and secure new homes at low prices on the broad rich prairies, with every reasonable assurance of health, wealth, education, and freedom for all who will only exercise ordinary industry. It should be the ambition of every young man of this country to own at least a small tract of land.”

This sense of owning the place we live is part of our common heritage as a state and it helps define who we are and our sense of community, and neighbor helping neighbor. It’s deep in our collective roots.

We are proud of the fact that in Iowa, we do things a little differently. Title Guaranty was created 20 years ago to facilitate lenders’ sales of home mortgages to the secondary market, but its role in maintaining the integrity of the Iowa land-title transfer system is its most valuable function. Protecting Iowa’s clean title records is important to all of us and it’s important to our home buyers. It is just one more way we can promote quality of life in our state—and encourage people to want to live and work here—to make their home here. This is really part of who we are as Iowans and we’ve been telling this story for a long time.

Lately, we have received some very positive national attention focused on our title guaranty system. Regulators around the country are investigating title insurance operations within their states and are looking to Iowa as an example. Locally, there have been some real estate scandals that would not have happened had Iowa Title Guaranty been a part of the process. That one element of consumer protection was missing from the transaction, and it cost those home owners dearly.

We need to remember that the most important piece of the transaction is the home owner. Many people buy a house and never realize they should be concerned about whether or not they are truly getting a clean title. They don’t realize problems can occur when they sell if they didn’t get clean title when they bought. We’ve been fortunate that Iowa has the well-deserved reputation for clean land title records. And it started over 125 years ago.

Looking forward, maintaining the integrity of the Iowa land transfer system will be vital to Iowa homeowners as well as the industry.

Title Guaranty provides millions of dollars in grants to help borrowers overcome that common barrier to home ownership: having enough cash for down payment and closing costs. Using Title Guaranty in the real estate transaction keeps more money in Iowa, helping Iowa’s home buyers.

Thank you for all you do to support the growth of home ownership in Iowa and for taking this time to learn more about some of the valuable programs that can help your customers achieve their dreams.

You are part of a long legacy that values home ownership and understands its contribution to Iowa’s strong communities and superior quality of life. For that, I thank you.”

Featured Endorsement

This issue’s featured endorsement is the Location Endorsement, Form 452 (CLTA Equivalent 116). The Location Endorsement is a residential endorsement used for subdivided land. It certifies the mailing address of the property and the type of structure located on the property. The Location Endorsement is not suited for use in connection with condominium properties.

At a minimum, Title Guaranty requires either the Uniform Residential Appraisal Report (if the mortgage is \$500,000 or less) or the Real Property Inspection Report (if the mortgage is more than \$500,000) to verify the address of the property and structure type. A legible plat of subdivision is optional, but Title Guaranty encourages its submission.

If the property is unsubdivided or is rural property, the Location Endorsement can be amended to provide coverage for that property “according to a survey.”

The Location Endorsement traditionally has been issued to lenders only. However, Title Guaranty has expanded its use for owners when a survey is provided.

DON’T MISS OUT!
ON THE MOVE WILL SOON ARRIVE IN ELECTRONIC FORMAT.

We want to make sure you are included in our mailing list.

Please send your current e-mail address to Susan Riedinger at: susan.riedinger@iowa.gov

“FOR MOST IOWANS, THE KEY TO CREATING PERSONAL WEALTH BEGINS WITH THE PURCHASE OF THEIR FIRST HOME.”

Lt. Governor Sally Pederson

Ogle then made announcements about upcoming changes at Title Guaranty, including the following:

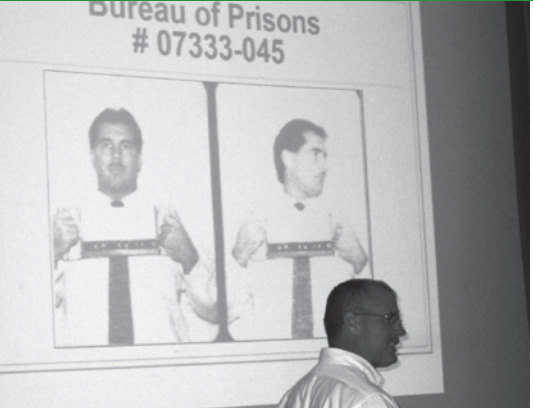
- A reduction of Title Guaranty premiums
- A streamlined nonpurchase product for refinances, home equity loans and second mortgages
- The ability for participating abstractors to issue Title Guaranty certificates
- Payment for field issue of Title Guaranty certificates
- The Rapid Certificate Program, which allows attorneys to issue Title Guaranty certificates prior to the recording of the release of the previous mortgage
- A Standards in Excellence Program
- A higher profile for Title Guaranty

Attorney James Carney and Title Guaranty Director Loyd Ogle addressed conference participants in a joint session, discussing the history of Title Guaranty and addressing its future.

Carney worked on the case that ultimately led to the creation of Title Guaranty in 1977. Because of that case, Chicago Title Ins. Co. V. Huff, the Iowa Supreme Court prohibited title insurance.

Carney explained that Title Guaranty was designed to facilitate sales of mortgages to the secondary market and protect the integrity of the Iowa land transfer system. Ultimately, he said, citizens benefit from a low-cost title insurance mechanism that keeps premium dollars in Iowa.

Title Guaranty Director Loyd Ogle, left, and James Carney.



Kevin Barnes, luncheon speaker, shows conferees his federal mug shot after he was arrested on fraud charges. Barnes has since taken his experience on the road, becoming a nationally known speaker on mortgage fraud.

Kevin Barnes, an expert on mortgage fraud, was the luncheon speaker and the highlight of the first annual Title Guaranty conference. His theme was “Making the Right Choice.” A dynamic and enthusiastic speaker, Barnes spent five years in federal prison for mortgage fraud. Consequently, he lost his career, home, life savings and car.

Barnes now teaches lenders and law enforcement officials to look for “red flags” in fraudulent transactions. He discussed areas where fraud could happen, anywhere from the loan officer’s interview with the borrower to changing a square foot or two on an appraisal report. He advised attendees to be proactive and not reactive when it comes to mortgage fraud.

Title Guaranty Division Guarantees Title to USDA Wetlands

Since 1995, Title Guaranty has been a partner with the Natural Resources Conservation Service (NRCS) of the United States Department of Agriculture (USDA) to guarantee title to property in Iowa that is enrolled in the Wetlands Reserve Program of the NRCS.

Between 1995 and August 2005, Title Guaranty has issued more than 900 owner’s certificates. Title Guaranty coverage for wetlands in that 10-year period is more than \$133 million, and the total premium generated by wetlands coverage exceeds \$154,000. As USDA funding for Wetlands Reserve Program easements in Iowa remains strong, Title Guaranty anticipates these numbers will grow.

The Wetlands Reserve Program is one of many programs managed by the NRCS and funded by the USDA. The purpose of the Wetlands Reserve Program is “[t]o develop and implement a conservation plan for restoration of wetlands previously altered for agricultural use.”¹ Wetlands were restored, enhanced or created on 6,377 acres in Iowa during fiscal year 2004 with assistance from the Wetlands Reserve Program. Wetlands benefit the nation by providing fish and wildlife habitat; improving water quality by filtering sediments and chemicals; reducing flooding; recharging groundwater; protecting biological diversity; as well as providing opportunities for educational, scientific and recreational activities. In Iowa since 1992, more than 126,000 acres of wetlands have been restored or are in the process of being restored under these programs. The chart below shows the top 20 counties in Iowa according to number of acres enrolled in the Wetlands Reserve Program since 1992.¹

RANK	COUNTY NAME	# OF ACRES	RANK	COUNTY NAME	# OF ACRES
1	Fremont	7764.6	11	Muscatine	3353.5
2	Louisa	7353.7	12	Jasper	3274.2
3	Appanoose	6467.3	13	Wayne	3247.7
4	Winnebago	5904.5	14	Benton	3187.0
5	Tama	5855.3	15	Van Buren	3130.3
6	Palo Alto	5786.0	16	Clay	3015.3
7	Iowa	5416.8	17	Worth	3008.7
8	Polk	4958.3	18	Butler	2356.7
9	Warren	4051.7	19	Washington	2191.6
10	Woodbury	3478.1	20	Plymouth	2141.4

Title Guaranty is proud of its role in assisting the NRCS to restore Iowa’s wetlands heritage. For more information about the Wetlands Reserve Program and other conservation programs, visit www.ia.nrcs.usda.gov.

¹ Information reprinted with permission from the NRCS Iowa state web site.